

Purchase Card Directives

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Course Description

- Led by the service, this session reviews the policies, procedures and directives for Government Purchase Card (GPC) programs
- Hear the latest updates and how they impact Agency/Organization Program Coordinator (A/OPC) and Resource/Financial Manager (RM) duties
- Learn more about internal controls and reviews along with specific program monitoring tasks



Agenda

- A/OPC and RM Roles & Responsibilities
- Appointment & Delegation of Authority Letters
- Annual Review
- FPDS Reporting
- Government Property and WAWF
- Questions?

PCOLS Questions can be addressed at the PCOLS Lab

A/OPC AND RM ROLES & RESPONSIBILITIES



Role and Responsibility Highlights

A/OPC (Installation Level)

- Designated by the appropriate contracting official.
Responsible for GPC Program management, administration, and day-to-day operations
- Monitor management controls; establish & implement a coordinated oversight program
- Conduct a review of each Managing Account (MA) at a minimum annually, to include a statistically significant random sampling of associated card transactions
- Work with RM to establish and manage account profiles to properly reflect transaction limits, line of accounting information, cycle spending, and MCC limits
- Validate all account holders have appointment letters and that the letters contain the necessary information
- Close accounts upon abuse or misuse of card privileges, compromise of account information, card loss, or Card Holder (CH) departure



Role and Responsibility Highlights

RM

- Provide appropriate funding for the accounts
- Maintain accurate financial records
- Fulfill financial management reporting requirements, to include reporting on the [American Recovery and Reinvestment Act of 2009](#)
- Establish spending limits that are tied directly to funding allocated for each A/BO and CH account. In addition, all purchase card account spending limits shall be consistent with historical spending patterns for each account.

APPOINTMENT & DELEGATION OF AUTHORITY LETTERS



Requirement

- FAR 1.603-3

Agency heads are encouraged to delegate micro-purchase authority to individuals who are employees of an executive agency or members of the Armed Forces of the United States who will be using the supplies or services being purchased. Individuals delegated this authority are not required to be appointed on an SF 1402, but **shall be appointed in writing** in accordance with agency procedures.



Letter

- Required for A/OPCs, A/BOs and CHs
- Delegation of Authority Letters (DAL) convey procurement authority and list program roles and responsibilities
 - All CHs
 - Some A/OPCs (if they are signing CH DALs)
- Appointment Letters (AL) list program roles and responsibilities
 - All A/BOs
 - Some A/OPCS (if they are not signing CH DALs)

Sample letters will soon be available on the DPAP web page.



Signatures, Dates and Retention

- ALs & DALs are official binding documents
 - Used as evidence for investigations, prosecutions & other court proceedings
- Original A/OPC, A/BO and CH signatures and dates required
 - No electronic signatures/dates
 - Originals retained in A/OPC files
 - A/BOs receive/retain copies of CH DALs for all their CH accounts
- A/BOs shall not be assigned to MA prior to AL signature date
- CHs shall not receive or use a GPC prior to DAL signature date

They are REALLY important--especially if things go wrong.



DAL / AL Letters Must

- State the specific duties of the Program Official
- Address any limitations on the scope of authority
 - Specify Account Type
 - Include required credit, cycle or single purchase limits
- State the Program Official can be held pecuniarily liable
 - Attach DD Form 577 establishing appointee as Accountable Official or Certifying Officer
 - Required for A/OPC, A/BO and CH
 - Only A/BO is sent to DFAS
- Include appointees original signature acknowledging their duties and responsibilities

No pen and ink changes; new letters must be issued for all changes.



GPC Account Types

- Micro-purchase - Acquisition of supplies or services, the aggregate amount of which does not exceed the micro-purchase threshold -- \$3,000 except
 - Davis Bacon Act (construction) -- \$2,000
 - Service Contract Act (Services) -- \$2,500; and
 - Contingency/nuclear, biological, chemical or radiological attack as described in [13.201](#)(g) (1), except for construction subject to the Davis-Bacon Act (41 U.S.C. 428a)-
 - \$15,000 for contracts awarded and performed, or purchase to be made, inside the United States
 - \$30,000 for contracts awarded and performed, or purchase to be made outside the United States
 - Follow Agency Procedures for FPDS reporting
- Convenience Check Accounts – Follow Micro-purchase thresholds for Supplies
 - Shall not be:
 - written to vendors who accept the purchase card
 - written for recurring payments
 - issued for employee reimbursements, cash advances, cash awards, travel-related transportation payments, or meals
 - Follow Agency Procedures for 1099 reporting
 - Include with micro-purchases for FPDS reporting



GPC Account Types

- Ordering Officer (Task/Delivery Order, BOAs or BPAs)
 - Ensure CH appropriately appointed as an ordering officer under the contract
 - Best Practice: If CH not 1102, NTE limited to SAP threshold-- \$150,000 (or NTE Contracting Officers Warrant)
 - Ensure contract authorizes GPC as payment method
 - Follow Agency procedures for FPDS reporting
 - Ensure proper oversight by KO
- Contract Payment Cards
 - Ensure the contract authorizes GPC as payment method
 - Follow Agency procedures for FPDS reporting
 - Ensure proper oversight by KO



GPC Account Types

- Training Accounts –
 - Use limited to training/training-related purchases or payment below the micro-purchase threshold
 - GPC use mandated for payment of training approved on an SF-182s up to \$25,000
 - No regulatory authority identified to allow the GPC use as a payment device—[PCPMO Developing DFARS Case](#)
 - Competition Requirements? —[PCPMO has action to clarify SF-182 training vs. training requiring a contract action](#)
 - Not Reported to FPDS
- DAPS –
 - Use limited to processing DAPS payments--[Group Reviewing Current Practices/Policies—Now All Intergovernmental Under Review](#)
 - Delivery required within 30 days
 - Not Reported to FPDS



Sample CH Specific Duties

- Ensure all purchases are legal, proper, correct and mission essential
 - Ensure transactions are within the scope of their Appointment Letter
 - Purchases may not be split (by dollar value or vendor) to stay below limits
 - Personal purchases are prohibited
- Follow Agency Procedures for Payment Processing
 - Record & reconcile transaction in Purchase Log—OSD Policy requires Bank EAS use unless a waiver is granted
 - State process & timeframes to provide required supporting documentation to the A/BO
- Ensure Records are retained in accordance with Agency Policy/Procedures
- State Agency Training Requirements (e.g., Annual and Refresher GPC, Procurement, Ethics)
- Contract Payment and Ordering Officer Accounts - Specify the contract number(s) authorized for use & other relevant terms/conditions; require adherence to Agency FPDS reporting requirements.
- Convenience Check Accounts - State checks shall not be written to vendors who accept the GPC, for recurring payments or issued for employee reimbursements, cash advances, cash awards, travel-related transportation payments, or meals
- Training Accounts - State use limited to training/training-related purchases or payment below the micro-purchase threshold. State GPC use mandated for payment of training approved on an SF-182s up to \$25,000.
- If DAPS, state any payment limits and clarify that delivery is required within 30 days



Sample A/BO Specific Duties

- Review CH transactions to ensure they are legal, proper, correct and mission essential
 - Ensure CHs are not splitting purchases
 - Ensure purchases are not for personal use
 - Ensure transactions are within the scope of the CH's Appointment Letter
- Review and certify statements for payment in a timely manner
- Retain records as in accordance with agency policy
- State agency training requirements (e.g., annual and refresher GPC, procurement, ethics)
- Convenience Check Accounts - Ensure completion of required 1099s
- Others as dictated by specific Account Type



Appointment Letter Best Practice

- Require Separate Letters for each Account Type and ensure appropriate limits and oversight are associated with each
- NOTE: PCOLS “Special Designations” feature will eventually enable differentiation of card types for DM screening

Different Account types carry different risks, and require different training and oversight.



Funding and Spending Limits

- Providing funding & establishing spending limits are RM responsibilities
- RMs and A/OPCs must work closely over time to ensure:
 - Account profiles properly reflect transaction limits, line of accounting information, cycle spending, and MCC limits
 - [AxOL Tool: Account List Report](#)
 - Limits are commensurate with historical usage patterns
 - [AxOL Tool: 2 years Online Reporting](#)
 - [AxOL Tool: 6 years, 3 months can be requested](#)
 - [Bank: Statements can be requested from Customer Service if not available online](#)
- Required Spending Limits (DoD & US Bank only—Agencies may require others):
 - MA: Credit Limit and Cycle Limit
 - Credit Limit Must be 3 X Cycle Limit
 - CA: Credit Limit, Cycle and Single Purchase Limit
 - Cycle Limit not required by US Bank; but will be same as credit limit

ANNUAL REVIEW



Requirement

- Conduct a review of each MA at a minimum annually, to include a statistically significant random sampling of associated card transactions
 - Using available misuse reports, **review suspect transactions** in order to take action against questionable purchases
 - AxOL Tools: Shared/Custom Reports: Split Purchase, Underutilized Credit
 - Examine the population of transactions for purchases from **unauthorized merchants, violation of limits, and other irregular activities**
 - AxOL Tools: Shared/Custom Reports: Suspect Merchants, MCCs, Over \$3000
 - Take a proactive approach to **monitoring convenience check use**. When a potentially inappropriate transaction is identified by the card-issuing bank's convenience

al Program Review *"Best Practice"* Check List Available Soon on DPAP Web
correct the improper use of convenience checks.



Annual Review Best Practices

- Know

- How many CH Accounts are associated with the MA (must be less than 7)
- Each CH's average monthly spend
- The MA's delinquency rate
- Who the Alternate A/BO is
- Which transactions you plan to review
- If they have lingering AIM Tasks or DM Referred Transactions

- Ask the A/BO

- To describe issues that result in delinquencies and the corrective actions they've taken
- If they have reconciled any CH's account on a recurring basis. If yes, ask why.
- How they work with their Alternate A/BO
- If they have a copy of their AL on file
- If they have copies of assigned CH's DALs on file
- If they have all the receipts, invoices and other documentation supporting CH transactions on file

view DM "Transaction Backlog" to determine if transactions appear valid
Document your process and results for the record.



Sample Size Best Practice

Review of 6% of the transactions constitutes a statistically-based confidence level of 95% with a 2% confidence interval

- A/OPC High-Risk DM Transaction should be included
 - DM flags ~4% of transactions Department-wide for review (3% for cause, 1% random)
 - ~25% of flagged transactions sent to A/OPC for “High-Risk” independent review
 - Each Service/Agency’s actual flagged transaction rate may vary
- Select additional transactions to get to the 6%
 - Include at least 1 transaction from each CH
 - Direct the A/BO to open a cases for each in DM

If improper patterns of behavior emerge,
follow through to determine appropriate corrective action.



Management Involvement Best Practice

- Ensure HCA and CO are briefed/informed quarterly about the program to ensure appropriate management insight
 - Include program highlights/accomplishments
 - Address findings or other issues and corrective actions
 - Use PCOLS Monitoring capabilities within the RA Application to support brief
 - Dashboards - The primary component that assesses program risk. Major internal control items are assigned a status of Red/Yellow/Green. A cumulative risk assessment is calculated and assigned to the organization.
 - Controls - Risk indicators for which exceptions that exceed pre-determined thresholds are monitored. A Control Report provides details of all exceptions that are identified for a particular control.
 - Quarterly Reports - Provide a three-billing cycle, side-by-side snapshot of the controls exceptions. Allows users to



Corrective Action

- DoD Government Charge Card Disciplinary Guide for Civilian Employees, 21 April 2003
 - Each component has own Component Disciplinary Policy
- DoD Policy – Improper, Fraudulent, Abusive or negligent use of a government charge card is prohibited
 - **Requires Supervisors**, who receive information that any civilian employee has engaged in any misuse of a government charge card, **to take appropriate action, including and investigation** if indicated
- **Circumstance of each case determine the appropriate type of corrective or disciplinary/adverse action, if any, to impose**
 - No single response appropriate for all cases
 - Timeliness, proportionality, and the exercise of good judgment and common sense are always important
- **Human Resources Office should assist supervisors** considering corrective or disciplinary/adverse action on the selection of the charge and appropriate penalty based on Component past practice, regulatory guidance, applicable case law and good judgment. Coordinate with legal in accordance with Component Policy.
- **Supervisors must consider security clearance status**
 - Suspension until further review not considered a disciplinary action

FPDS REPORTING



Federal Procurement Data System (FPDS)

- FPDS is the central collection point for all federal agency contract award information (since 1977)
 - Reporting required by statute; and closely related to several statutes (including FFATA)
- FPDS reporting requirements are found in FAR 4.6
 - No exemption for orders under schedules, BPAs or IDIQs
- DPAP memo Oct 26, 2010 reiterated existing reporting requirements; need to track GPC orders to:
 - Track contract ceilings for compliance with mins and maxs
 - Determine which GPC purchases are related to contracts vs open-market



GPC-Related Purchases and FPDS

- DO NOT REPORT to FPDS open-market actions purchased and paid for using the GPC
 - ‘Open-market’ means actions that are not under a federally issued contract or agreement (i.e., not under a federal supply schedule (FSS), Agency IDIQ or BPA)
 - GPC may only be used for open-market actions when the value of the action is less than or equal to the micro-purchase threshold (see FAR 2.101 and DFARS 213.301)
- DO REPORT all other GPC use under contracts to FPDS
 - When a Contracting Officer uses the GPC as payment method, report action as any other individual contract action report – be sure to mark ‘Purchase Card as Payment Method’ as ‘Yes’
 - When a Contracting Officer, Ordering Officer or other Cardholder uses the GPC to place and order (purchase/pay) under an FSS, IDIQ or BPA – there are three options



Reporting Options for GPC Orders Under Contracts / Agreements

- In descending order of preference:
 - Individually, actual vendor DUNS and order number
 - Using express reporting procedures that compile all actions monthly under the identified existing contract
 - Using express reporting procedures that compile all actions monthly without specifically identifying the existing contract/agreement and vendor (use generic GPC DUNS)
- For #1 or #2, contracting office may require ordering officers to report directly to FPDS – recommended for high-use/high-limit users to ensure accuracy
- For #3 – contracting offices should accomplish to ensure all actions are included
- DPAP working with DoD EMALL and GSA Advantage to enable direct reporting to FPDS when orders are placed

GOVERNMENT PROPERTY AND WIDE AREA WORK FLOW (WAWF)



Requirement

- Items acquired with the GPC with a unit cost of \$5,000 or greater are considered accountable property (in accordance with the provisions of [DoDI 5000.64](#)). Ensure such items are independently received and accepted by separate DoD officials and that these items are properly recorded in DoD property book systems. **This includes pilferable property, as defined in the cited DoDI, regardless of unit acquisition cost.**



WAWF

- GAO audit (GAO-08-333) identified lack of property accountability for items bought with the GPC as a program weaknesses and recommended actions be taken to improve traceability of property
- 2009 Defense Authorization Act directed DoD to develop a plan to address the audit concerns
- OSD Memo “Use of WAWF for GPC Transaction” dated 9/2/09:
 - WAWF **shall be** used to create and accept receiving reports for contracts when the GPC is used as a method of payment. DFARS Case 2010-D027 clarifies this requirement

If WAWF is used to create the receiving report for GPC micro-purchases, independent evidence of receipt is electronically captured/stored, property records are automatically updated, and the UID Registry is updated (if required).



WAWF

(Continued)

- Method of Payment
 - When using the GPC as a method of Payment use “CRCARD” to identify the paying office (e.g., block 12 of the SF-26).
 - ensures proper routing of contract transactions paid with the GPC
 - To ensure data quality, all contract transactions paid with the GPC must be posted to EDA (DFARS PGI 204.201)
- Micro-Purchase
 - WAWF version 4.2, included the capability for items purchased under micro-purchase procedures to be recorded via WAWF
 - Utilization when accountable property is procured is encouraged
 - CHs may require WAWF utilization to record receipt of other items



Roles and Responsibilities

- **CH must:**

- Clearly identify purchase of accountable property on receipts, invoices and CH purchase log
- Receive and maintain documentation of property acceptance (by someone other than the CH)
- Notify the official responsible for maintaining property records of the purchase, receipt and acceptance of all purchased accountable property

- **A/BO must verify GPC files document:**

- A clear audit trail of all purchased accountable property, including procurement, receipt and independent acceptance, and notification to the official responsible for maintaining property records



Government Furnished Property

(GPC as Method of Payment)

- When the GPC is used as a method of payment against contracts and/or delivery orders with Government-Furnished Property (GFP), the CH must notify the official responsible for maintaining property records so it can be recorded in WAWF and the contractor can accept the property in WAWF



QUESTIONS



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<http://www.acq.osd.mil/dpap/pdi/index.html>

BACK-UP SLIDES

ROLES AND RESPONSIBILITIES



Agency/Organization Program Coordinator Roles and Responsibilities (Installation Level)

The A/OPC will be designated by the appropriate contracting official to be responsible for the management, administration, and day-to-day operation of the GPC program at the activity. In addition to those identified in [Chapter 2](#), the roles and responsibilities of the Level 4/5 A/OPC are as follows:

- Establish Billing Officials within the bank system. The BO should be within the CH's chain of command.
- Mandatory: Conduct initial and refresher training in accordance with DoD Component or Agency requirements.
- Develop local GPC and file management policies and procedures.
- Monitor management controls and establish and implement a coordinated oversight program.
- Ensure adequate separation of duties of participants in the GPC program.
- Ensure spending limits and funding has been coordinated with the appropriate Financial/Resource Manager.
- Establish and manage card account profiles to properly reflect transaction limitations, line of accounting information, cycle spending, and MCC limitations.
- Obtain and forward (for signature verification) a completed [DD Form 577](#) (Appointment/Termination Record—Authorized Signature) to the supporting DFAS Operating Location. (For the Air Force, the Financial Management Office performs this function.) Only the AO [DD Form 577](#) is sent to DFAS. [DD Form 577](#) is to be retained on file for the APC and CH, and a copy of the [DD form 577](#) is to be retained on file for the AO.



Agency/Organization Program Coordinator Roles and Responsibilities (Installation Level)

- Validate that all CHs and convenience check account holders have appointment letters and that the letters contain the necessary information. (See "[Appointment Letter](#)," page A-7.)
- Take a proactive approach to monitoring convenience check use. When a potentially inappropriate transaction is identified by the card-issuing bank's convenience check reporting mechanism, take appropriate action to correct the improper use of convenience checks.
- Mandatory: Monitor and, as necessary, adjust ratio of CHs to approving officials to comply with a 7:1 ratio, to ensure that approving officials have sufficient time to complete their monthly reviews of CH transactions under their cognizance.
- Work with Financial/Resource Managers and DFAS to correct and process rejected electronic data interchange (EDI) billing invoices.
- Mandatory: Conduct a review of each management account at a minimum annually, to include a statistically significant random sampling of associated card transactions.
- Using available misuse reports, review suspect transactions in order to take action against questionable purchases.
- Examine the population of transactions for purchases from unauthorized merchants, violation of limits, and other irregular activities.
- Monitor and, as appropriate, recommend that the financial manager adjust spending limits commensurate with historical usage patterns.
- Closing accounts upon abuse or misuse of card privileges, compromise of account information, card loss, or CH departure.
- Mandatory: Ensure compliance with relevant policies, procedures, and regulations, including the [Federal Acquisition Regulation \(FAR\)](#).
- Provide effective procurement support to all departments and meet the procurement needs of the command.
- Act as the audit/internal review focal point for GPC-related issues.
- Respond to Freedom of Information Requests submitted by the Public. Only the following specific transactional data shall be released to respond to these requests: MCC, transaction amount,

DELEGATION OF AUTHORITY AND APPOINTMENT LETTERS



Convenience Check Writer

A/BO

- Ensure the Delegation of Authority Letter clearly reflects:
 - Check limits: \$3,000 for supplies, \$2,500 for services
 - Maintain convenience check records to fulfill 1099-M tax reporting
 - No personal purchases
 - Secure checks
- Convenience checks shall not be:
 - written to vendors who accept the purchase card
 - written for recurring payments
 - issued for employee reimbursements, cash advances, cash awards, travel-related transportation payments, or meals

FPDS REPORTING



Federal Procurement Data System (FPDS)

- FPDS is the central collection point for all federal agency contract award information (since 1977)
 - Current version allows contracting officers to report from their contract writing systems or via direct web entry (no more DD350s and DD1057s)
- Data is provided to USASpending.gov for Federal Funding Accountability and Transparency Act compliance, as well as other Administration initiatives
- Each DoD component with procurement authority has lead system administrators and an approach for providing rights and access
- FPDS reporting requirements are found in FAR 4.6

DPAP memo October 26, 2010 reiterated existing FPDS Reporting requirements related to GPC



GPC-Related Purchases and FPDS

- DO NOT REPORT to FPDS open-market actions purchased and paid for using the GPC
 - 'Open-market' means actions that are not under a federally issued contract or agreement (i.e., not under a GSA schedule or Agency IDIQ or BPA)
- GPC may only be used for open market actions when the value of the action is under or equal to the micro-purchase threshold as defined in FAR part 2.101 - because otherwise FAR clauses are required to be included in the documentation
 - DFARS 213.301 further allows the GPC to be used as the purchase device exceeding the micro-purchase threshold, but less than \$25K if the purchase is made outside the U.S. for use outside the U.S. and other conditions



Micro-purchase Threshold Definition

- “Micro-purchase threshold” means \$3,000, except it means —
 - (1) For acquisitions of construction subject to the Davis-Bacon Act, \$2,000;
 - (2) For acquisitions of services subject to the Service Contract Act, \$2,500; and
 - (3) For acquisitions of supplies or services that, as determined by the head of the agency, are to be used to support a contingency operation or to facilitate defense against or recovery from nuclear, biological, chemical or radiological attack as described in [13.201\(g\) \(1\)](#), except for construction subject to the Davis-Bacon Act (41 U.S.C. 428a)--
 - (i) \$15,000 in the case of any contract to be awarded and performed, or purchase to be made, inside the United States; and
 - (ii) \$30,000 in the case of any contract to be awarded and performed, or purchase to be made outside the United States.



Do Not Report FPDS

- DO NOT REPORT open-market actions purchased and paid for using the GPC
 - 'Open-market' means actions that are not under a federally issued contract or agreement (i.e., not under a GSA schedule or Agency IDIQ or BPA)
- GPC may only be used for open market actions when the value of the action is under or equal to the micro-purchase threshold as defined in FAR part 2.101 - because otherwise FAR clauses are required to be included in the documentation
 - DFARS 213.301 further allows the GPC to be used as the purchase device exceeding the micro-purchase threshold, but less than \$25K if the purchase is made outside the U.S. for use outside the U.S. and other conditions



Report FPDS

- DO REPORT any contract or order where the GPC is used solely as the method of payment regardless of dollar value
 - “Solely as the method of payment” means the GPC is acting as the line of accounting for any or all of the procurement, but a Contracting Officer still awards an actual contract, purchase order, or delivery/task order
- Be sure to mark “Purchase Card as Payment Method” as “Yes” in the contract action report



GPC-Related Purchases and FPDS

- DO REPORT to FPDS orders under federally-awarded contracts (e.g., schedules, governmentwide acquisition contracts, indefinite delivery contracts), blanket purchase agreements, and basic ordering agreements
 - Already required by FAR 4.606(a)(iii) which says 'All calls and orders awarded under the indefinite delivery vehicles identified in paragraph (a)(1)(ii) of this section.' as actions required to be reported to FPDS. (Note: (a)(1)(ii) references the list in the above bullet)
- Reminder: FAR 8.406-1 and 16.505(a)(6) require that orders under schedules and indefinite delivery-type contracts contain certain data elements (including contract and order number). (When call order codes are necessary, use that of the contracting office that authorized use of a GPC.)
- Note: A copy of each order (regardless of value) should also be provided to Electronic Document Access in accordance with PGI 204.201(3)



Reporting Orders Under Contracts / Agreements Using GPC Placed by Ordering Officers

- Actions valued < \$25,000 shall report (in descending order of preference):
 1. Individually, actual vendor DUNS and order number
 2. Using express reporting procedures that compile all actions monthly under the identified existing contract
 3. Using express reporting procedures that compile all actions monthly without specifically identifying the existing contract/agreement and vendor
- Contracting office may require ordering officers to report directly to FPDS – recommended for high-use/high-limit users to ensure accuracy
- DPAP working with DoD EMALL to enable direct reporting to FPDS



Limitations of Choice #3

- Only use this alternative when the first two choices are determined to be overly burdensome by the Head of the Contracting Agency
- When used, identify the vendor using the generic DUNS number for either domestic or foreign GPC consolidated reporting
- Use the 'Purchase Order' FPDS form
- Reports must be submitted at least monthly



Going Forward

- Components need to ensure that their card programs have processes in place to enable the required reporting
- DPAP will also be working with GSA regarding GSA Advantage reporting to FPDS (and EDA)

PCOLS



PCOLS

- From 1996 to 2002 more than 600 DoD and Inspector General audit reports on the GSA GPC Program were issued. In 2002 the Government Accountability Office (GAO) issued four audits and Congress conducted the fourth in a series of hearings on the GPC Program. Findings included systemic issues regarding:
 - account reconciliation & certification
 - administrative controls
 - management oversight
 - property accountability
 - purchase card use
 - separation of duties
 - training
- In addition to other initiatives (e.g., specifying management controls, mandating use of the Bank's EAS for invoice certification and payment) PCOLS was developed to addresses many these issues



PCOLS Risk Assessment (RA)

- The RA Application allows users to monitor risks associated with their purchase card program.
- Monitoring is accomplished through three components within the RA Application:
 - Controls - Controls are risk indicators for which exceptions that exceed pre-determined thresholds are monitored. A Control Report provides details of all exceptions that are identified for a particular control.
 - Dashboards - A Dashboard is the primary component that assesses the risk of your program. Major internal control items are assigned a status of Red/Yellow/Green, which is the risk assessed for each individual control. Also, a cumulative risk assessment is calculated and assigned to the organization.
 - Quarterly Reports - Quarterly Reports provide a three-billing cycle, side-by-side snapshot of the controls exceptions allowing users to analyze the progress in addressing identified risks for the quarter.

Best Practice: Ensure you provide a brief to your HCA and/or CO with annual findings (include highlights and issues with recommended corrective actions) to ensure appropriate management insight



PCOLS RA (cont'd)

To view the details of a control, click the control name.

Overall Risk Assessment:

Total Level 3s: 22		Risk Assessment	
Category 1: Span of Control			
Control 1.1: Cardholder Accounts to A/BOs	More than seven cardholder accounts to one A/BO	Level 3 Risks:	<div><div>● 21</div><div>▲ 1</div><div>■ 0</div></div> <div>●</div>
Control 1.2: Cardholder Accounts to A/OPCs	More than 300 cardholder accounts to one A/OPC	Level 3 Risks:	<div><div>● 22</div><div>▲ 0</div><div>■ 0</div></div> <div>●</div>
Category 2: Separation of Duties			
Control 2.1: Inadequate Separation of Duties	Accounts for which the cardholder and A/BO are the same individual	Level 3 Risks:	<div><div>● 22</div><div>▲ 0</div><div>■ 0</div></div> <div>●</div>
Category 3: Authorization Controls			
Control 3.1: Spending Ratio - Underutilized Credit Limits	Accounts for which the six cycle spend average is less than 70% of the average cycle credit limit	Level 3 Risks:	<div><div>● 8</div><div>▲ 5</div><div>■ 9</div></div> <div>■</div>
Control 3.2: Single Merchant Spending	Accounts that have at least ten transactions and an 80% or greater spending percentage at one merchant	Level 3 Risks:	<div><div>● 22</div><div>▲ 0</div><div>■ 0</div></div> <div>●</div>

Each Control Category has one or more controls that is indicative of program oversight. Individual controls allow drill down to the exception level.



PCOLS RA (cont'd)

Category 4: Card Status

Control 4.1: Delinquent Accounts

Managing Accounts delinquent for 30+ days

Level 3
Risks: 22
 0
 0



Control 4.2: Account Usage

Accounts that have been inactive for six cycles or have never been used (Excludes newly issued cards)

Level 3
Risks: 10
 3
 9



Control 4.3: Lost/Stolen Cards

Accounts that have greater than one lost/stolen card(s) in the last 12 cycles

Level 3
Risks: 22
 0
 0



Category 5: Transaction Review Controls

Control 5.1: Average Cycle Transactions Reviewed

Higher than average number of transactions (>100) per cycle reviewed by the A/BO, based on three cycles of data

Level 3
Risks: 16
 5
 1



Control 5.2: A/BO Response Rate

A/BO failure to initiate case review in Case Management for flagged transactions within ten days

Level 3
Risks: 0
 1
 21



Control 5.3: Flagged Transaction Determination

Flagged transactions determined to be other than valid in Case Management (Misuse/Abuse/Suspected Fraud)

Level 3
Risks: 22
 0
 0



Control 5.4: Convenience Check Amounts

Convenience Checks over \$3,000

Level 3
Risks: 22
 0
 0



Each Control Category has one or more controls that is indicative of program oversight. Individual controls allow drill down to the exception level.